

# Inspector General

## United States

## Department of Defense



Base Realignment and Closure 2005 for the Pensacola  
Undergraduate Navigator Training Relocation

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## **Acronyms and Abbreviations**

AETC	Air Education and Training Command
AFB	Air Force Base
AFI	Air Force Instruction
BRAC	Base Realignment and Closure
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
IG	Inspector General
MILCON	Military Construction
NAS	Naval Air Station



INSPECTOR GENERAL  
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February 13, 2009

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,  
TECHNOLOGY, AND LOGISTICS  
UNDER SECRETARY OF DEFENSE (COMPTROLLER)/DoD CHIEF  
FINANCIAL OFFICER  
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
NAVAL INSPECTOR GENERAL

SUBJECT: Base Realignment and Closure 2005 for the Pensacola Undergraduate Navigator  
Training Relocation (Report No. D-2009-055)

We are providing this report for your information and use. We considered comments from the Deputy Assistant Secretary of the Air Force (Installations) and Assistant Secretary of the Navy for Installations and Environment when preparing the final report. As a result of management comments and a subsequent meeting with senior Air Force and DoD Inspector General officials, we have revised draft Finding A and deleted draft Recommendation A.1. Draft Recommendations A.2.a. and A.2.b. have been renumbered as Recommendations A.1. and A.2.

Comments to the recommendations on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues on the recommendations. Therefore, we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9201 (DSN 664-9201). If you desire, we will provide a formal briefing on the results.

Richard B. Jolliffe  
Assistant Inspector General  
Acquisition and Contract Management





# Results in Brief: Base Realignment and Closure 2005 for the Pensacola Undergraduate Navigator Training Relocation

## What We Did

Base Realignment and Closure (BRAC) 2005 Recommendation 128 relocates Air Force undergraduate navigator training from Randolph Air Force Base to Naval Air Station Pensacola. We reviewed three Air Force projects submitted to Congress in response to Recommendation 128 to determine whether the projects were valid, supported, and whether the BRAC analysis considered existing facilities.

## What We Found

The Air Force did not adequately support the BRAC project for bachelor housing. The Air Force did not support the project because it did not perform an economic analysis comparing all feasible alternatives or obtain an economic analysis waiver, justify the line item cost estimates with supporting documentation, or properly review and validate the DD Form 1391.

The Air Force also did not provide adequate support documentation for the hangar and instruction facility projects because no economic analysis was performed, nor was a waiver obtained; line item cost estimates were not adequately supported or justified; and the DD Forms 1391 were not properly reviewed and validated. Nevertheless, the Air Force awarded a contract for both projects.

Additionally, the relocation of Air Force undergraduate navigator training will not accomplish the justifications stated in support of Recommendation 128. The jointness and synergies that currently exist at Randolph Air Force Base and Naval Air Station Pensacola

will be lost when the Air Force program relocates to Naval Air Station Pensacola.

We identified material internal control weaknesses for the three BRAC military construction projects reviewed because the Air Force did not follow DoD and Air Force guidance, perform a required economic analysis, adequately support the line item cost estimates, or properly review and validate DD Forms 1391.

## What We Recommend

The Air Force should conduct economic analyses when projects are first considered, justify the line item cost estimates in the DD Form 1391 more adequately, and review and validate the DD Form 1391.

## Management Comments and Our Response

The Air Force disagreed with Finding A and Recommendation A.1., stating the bachelor housing project is valid. As a result of management comments and a subsequent meeting with senior Air Force and DoD Inspector General officials, we have revised draft Finding A and deleted draft Recommendation A.1. Draft Recommendations A.2.a. and A.2.b. have been renumbered as Recommendations A.1. and A.2. The Air Force agreed with Recommendations A.2.a., A.2.b., and B., stating Air Force officials will reinforce military construction requirements in formal guidance to major command BRAC offices. Although not required to respond, we also received comments from the Navy. Please see the recommendations table on the back of this page.

## Recommendations Table

Entity	Recommendations Requiring Comment	No Additional Comments Required
The Deputy Assistant Secretary of the Air Force (Installations)		A.1., A.2., and B.

# Table of Contents

<b>Results in Brief</b>	i
<b>Introduction</b>	1
Objectives	1
Background	1
Review of Internal Controls	4
<b>Finding A. Bachelor Housing Project</b>	7
Management Comments on the Finding and Our Response	15
Recommendations, Air Force Comments, and Our Response	17
<b>Finding B. Hangar and Instruction Facility Projects</b>	19
Management Comments on the Finding and Our Response	23
Recommendation, Air Force Comments, and Our Response	24
<b>Planned Undergraduate Navigator Training and Facilities Will Not Enhance Jointness</b>	25
Management Comments on Joint Training and Our Response	27
<b>Inherently Governmental Functions</b>	28
<b>Appendices</b>	
A. Scope and Methodology	31
B. Prior Coverage	33
C. Memorandum for Air Force BRAC Office	39
<b>Management Comments</b>	
Department of the Navy	41
Department of the Air Force	42



# Introduction

## Objectives

The overall audit objective was to determine the accuracy of Defense Base Realignment and Closure (BRAC) 2005 military construction (MILCON) budget data. The specific objectives were to determine whether the proposed military construction projects were based on valid BRAC requirements, were supported with the required documentation, and whether the BRAC analysis considered existing facilities.

We evaluated three Air Force undergraduate navigator training projects submitted in response to BRAC Recommendation 128 Undergraduate Navigator Training.<sup>1</sup> Specifically these were:

- Project TYMX073710, “BRAC – USAF [United States Air Force] Navigator Training Hangar”;
- Project TYMX073720, “BRAC – CSO [Combat Systems Officer] Applied Instruction Facility”; and
- Project TYMX073730, “BRAC – Combat Systems Officer (CSO) Bachelor Housing.”

See Appendix A for a discussion of scope and methodology. See Appendix B for prior audit coverage.

## Background

Prior to BRAC 2005, Public Law 102-190, “National Authorization Act for Fiscal Years 1992 and 1993,” Part A, “Defense Base Closure and Realignment,” mandated that the DoD Inspector General (IG) investigate each military construction project. For BRAC 2005, Congress did not pass a law with a similar mandate. The Service Audit organizations are auditing single-Service BRAC MILCON projects, while the DoD IG is reviewing selected multi-Service<sup>2</sup> projects and Defense-Wide Agencies and Activities projects. This report is one in a series of DoD IG audits of multi-Service projects.

## Military Construction

DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 6, “Military Construction/Family Housing Appropriations,” June 2006, requires that each proposed MILCON project be supported by a “Military Construction Project Data” DD Form 1391 and that an economic analysis is required to support all new construction or renovation

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<sup>1</sup> BRAC Recommendation 128 includes more than the undergraduate navigator training. However, as used in this report, Recommendation 128 will refer to the undergraduate navigator training portion of the recommendation.

<sup>2</sup> Multi-Service refers to projects involving the move of one or more Service’s components/activities to another Service’s location.

projects estimated to cost over \$2 million. Air Force Instruction 32-1021, “Planning and Programming Military Construction (MILCON) Projects,” January 2003, states:

- The DD Form 1391, by itself, shall explain and justify the project to the Air Force, the Office of the Secretary of Defense, the Office of Management and Budget, and Congress.
- Accurate DD Form 1391 project cost estimates are essential to successful MILCON project development and execution.
- To ensure prudent economic investments, an economic analysis is required for all new construction projects over \$1 million.
- Headquarters Air Force, major commands, and installation commanders are required to review and validate the need for each proposed MILCON project, and confirm that the proposed project is the most cost-effective means of satisfying the requirement.

DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 7, “Base Realignment and Closure Appropriations,” June 2006, requires the Services and the Defense-Wide Agencies and Activities to provide in their annual budget request to Congress a DD Form 1391 for each BRAC MILCON project. The BRAC 2005 MILCON projects are included in the BRAC 2005 justification books for congressional approval.

### ***Undergraduate Navigator Training Program***

The Air Force has two undergraduate navigator training squadrons (562<sup>nd</sup> and 563<sup>rd</sup>) located at Randolph Air Force Base (AFB). The 562<sup>nd</sup> was a rotating command between the Air Force and Navy; it trained Air Force, Navy, and international students for heavy panel/maritime aircraft.<sup>3</sup> The 563<sup>rd</sup> is the Air Force’s Electronic Warfare Training School squadron. The 563<sup>rd</sup> has Air Force instructors and students.

The Navy has three undergraduate navigator training squadrons (VT-4, VT-10, and VT-86) located at Naval Air Station (NAS) Pensacola. VT-4 and VT-10 are primary/intermediate training squadrons and VT-86 is an advanced training squadron. The VT-10 squadron was jointly commanded by the Air Force and Navy. These squadrons use Navy, Air Force, Marine Corps, and international instructors to train Navy, Air Force, Marine Corps, and international students.

The Air Force has 202 on-base rooms for students attending undergraduate navigator training at Randolph AFB. The other 200+ students attending training at Randolph AFB live off-base. All Air Force and Navy unaccompanied undergraduate navigator students attending training at NAS Pensacola are housed off-base.

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<sup>3</sup> As of the end of FY 2008, the 562<sup>nd</sup> stopped having a rotating command or training Navy navigators.

## **2005 Defense BRAC Commission, Recommendation 128 Undergraduate Navigator Training**

The Secretary of Defense's 2005 BRAC Recommendation 128 states:

Realign Randolph Air Force Base, TX [Texas] by relocating Undergraduate Navigator Training to Naval Air Station Pensacola, FL [Florida].

The Secretary of Defense's justification for this recommendation further states:

This recommendation will realign and consolidate the Air Force's primary phase of undergraduate flight training functions to reduce excess/unused basing capacity, eliminate redundancy, enhance jointness for Undergraduate Navigator Training/Naval Flight Officer (NFO) training, reduce excess capacity, and improve military value.

The basing arrangement that flows from this recommendation will allow the Inter-service Training Review Organization process to establish a DoD baseline program in Undergraduate Navigator Training/NFO with curricula that permit services latitude to preserve service-unique culture and a faculty and staff that brings a "Train as we fight: jointly" national perspective to the learning process.

The BRAC Commission's findings stated:

The Commission found no reason to disagree with the Secretary's recommendation or justification. The Commission understands the proposal will realign training to other installations where the same mission already exists, maintenance facilities are established, and capacity to absorb the mission is adequate. As a result, the Commission finds the recommendation appropriately enhances military value at reasonable cost.

### **Estimated One-Time Costs**

Recommendation 128's total one-time cost estimate<sup>4</sup> for all portions of the recommendation was \$71.7 million. Of this total, \$25.6 million in MILCON costs were attributed to the hangar and instruction facility for the undergraduate navigator training relocation. No bachelor housing facility need was identified in the Secretary of Defense's justification or recommendation and no MILCON cost for this facility was included in the recommendation's one-time cost estimate. The BRAC Commission approved the relocation based on the information and costs submitted by the Secretary of Defense, and the Commission stated that the recommendation would appropriately enhance military value at a reasonable cost.

### **Military Value**

According to the Secretary of Defense, a primary objective of BRAC 2005 was to examine and implement opportunities for greater joint activity. The Department of

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<sup>4</sup> The one-time cost estimate includes operations and maintenance, military construction, and other costs.

Defense gave priority consideration to military value when selecting military installations for closure or realignment. The first of four criteria used in evaluating military value included the mission capabilities and the impact on operations for *joint warfighting, training, and readiness*.

Recommendation 128 states that Randolph AFB will relocate its undergraduate navigator training to NAS Pensacola. The Secretary of Defense's Justification for Recommendation 128 further states that this recommendation will realign and consolidate the Air Force's primary phase of undergraduate flight training functions to reduce excess/unused basing capacity, eliminate redundancy, enhance jointness for Undergraduate Navigator Training/Naval Flight Officer training, reduce excess capacity, and improve military value. However, when the Air Force relocates the undergraduate navigator training program from Randolph AFB to NAS Pensacola, future undergraduate navigator training will be collocated and not be joint.

## **Project Documentation**

In response to Recommendation 128 Undergraduate Navigator Training, the Air Force's 562<sup>nd</sup> and 563<sup>rd</sup> squadrons will be deactivated at Randolph AFB and in their place new squadrons will be activated at NAS Pensacola.<sup>5</sup> To support this transfer, the Navy prepared the initial DD Forms 1391 for the projects. However, as the executive agent for the projects, the Air Force assumed responsibility for the preparation and submittal of subsequent DD Forms 1391 to Congress. Specifically, the Air Force submitted the DD Forms 1391 in the "Department of the Air Force, DoD Base Realignment and Closure (2005 Commission), Fiscal Year (FY) 2008/2009 Budget Estimates, Justification Data Submitted to Congress: February 2007" (hereafter referred to as justification book).

## **Review of Internal Controls**

We identified internal control weaknesses in all three Air Force projects as defined by DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006. We consider these internal control weaknesses to be material for the three BRAC MILCON projects we audited. We did not review all BRAC MILCON projects or statistically sample BRAC MILCON projects to determine materiality to the program as a whole. The Air Force's internal controls were not properly implemented because the Air Force did not follow DoD and Air Force guidance. The Air Force did not provide documentation to show that the projects had been properly reviewed and validated. In addition, the Air Force did not perform the required economic analysis or adequately support the line item cost estimates. Instructions require review and validation of the DD Forms 1391. If the Air Force had followed DoD and Air Force guidance, performed a proper review and validation of these projects, had back-up data for the line item cost estimates, and performed an economic analysis, the three projects would have been the best option and estimate for the Air Force. Implementing

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<sup>5</sup> Memorandum from Department of Air Force, Headquarters Nineteenth Air Force, signed by Air Force Major General Irving L. Halter, Jr. Commander, on September 21, 2007, states the deactivation of the 562<sup>nd</sup> and 563<sup>rd</sup> squadrons at Randolph AFB and the activation of a new Flying Training Group at NAS Pensacola.

Recommendation A.1., A.2., and B. will improve future military construction projects. A copy of the report will be sent to the senior official in charge of internal controls for the Assistant Secretary of the Air Force (Financial Management and Comptroller).



# **Finding A. Bachelor Housing Project**

The Air Force did not adequately support the BRAC MILCON project data for the Bachelor Housing Project TYMX073730 for BRAC Recommendation 128 Undergraduate Navigator Training. The support was inadequate because the Air Force did not:

- perform an economic analysis comparing all feasible alternatives or obtain an economic analysis waiver,
- adequately justify the line item cost estimates with supporting documentation, or
- properly review and validate the DD Form 1391.

As a result, the Air Force is proposing to spend \$39.6 million of limited BRAC MILCON funds for a project that was not adequately supported or may not be the most cost effective alternative.

## **BRAC Requirement**

The Air Force has not adequately supported the bachelor housing MILCON project for Recommendation 128. The Air Force did not follow DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 6; or Air Force Instructions 32-1021, 32-1032, and 65-501<sup>6</sup> when preparing and submitting the request for the bachelor housing project. The Air Force did not ensure the bachelor housing project was adequately supported, or that constructing a new facility was the most cost-effective alternative.

- Although the Air Force was aware there were alternatives to new construction, the Air Force decided to do new construction without performing an economic analysis or justifying and obtaining an economic analysis waiver.
- The Air Force did not support the user needs and unit costs used to compute the line item cost estimates in the DD Form 1391 or provide adequate supporting documentation demonstrating the DD Form 1391 was properly reviewed and validated.

## **Economic Analysis**

The Air Force did not perform an economic analysis of all feasible alternatives for undergraduate navigator bachelor housing identified by both the Air Force and the Navy from 2004 through 2007. The Air Force also did not obtain an economic analysis waiver for this project.

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<sup>6</sup> DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 6, “Military Construction/Family Housing Appropriations,” June 2006; Air Force Instruction 32-1021, “Planning and Programming Military Construction (MILCON) Projects,” January 2003; Air Force Instruction 32-1032, “Planning and Programming Appropriated Funded Maintenance, Repair, and Construction Projects,” October 2003; and Air Force Instruction 65-501, “Economic Analysis,” November 2004.

The Air Force did not consolidate or consider information in various reports as a whole to determine project requirements or alternatives. The Air Force prepared two site surveys and two Site Action Task Force reports. The Navy prepared a BRAC Program Relocation Study. In addition, neither the Air Force nor the Navy included cost-benefit analyses in the reports.

The Air Force also did not compare housing Air Force students off-base to the construction of a new bachelor housing facility; nor did the Air Force consider the impact or cost benefit of not providing a joint Air Force-Navy facility. The Air Force submitted to Congress a project estimate for new construction of \$39.6 million without performing the required economic analysis.

Specifically, the Air Force and the Navy identified the following in the reports and various versions of the DD Form 1391 for the bachelor housing project.

- In January 2004, an Air Force site survey for NAS Pensacola stated that undergraduate navigator students were eligible for either permanent change of station or off-base housing based on a 14-month training period. The survey recommended off-base housing to eliminate the need for a new lodging facility.
- In August 2005, the Air Force identified in a new Air Force site survey a requirement for bachelor housing at NAS Pensacola, contrary to the January 2004 proposal. The survey identified costs for new construction estimated at \$24 million.
- In response to the Air Force's newly identified bachelor housing requirement, the Navy prepared several DD Form 1391 estimates for a new facility that would jointly house Navy and Air Force undergraduate navigator trainees. The estimated cost in December 2005 was \$33.7 million.
- In early 2006, in a BRAC Program Relocation Study, the Navy identified several alternatives to the Air Force's proposed new bachelor housing facility and offered (as one option) three existing Navy facilities.
- In April 2006, the Air Force identified in its first Site Action Task Force report the renovation of the three existing Navy facilities and included a DD Form 1391 with a project estimate of \$29 million.
- In February 2007, the Air Force submitted to Congress in its FY 2008/2009 justification book a \$29 million budget estimate (DD Form 1391 dated September 2006) for the renovation of the three existing Navy facilities. The DD Form 1391 identified the need for Navy and Air Force undergraduate navigator housing.

Contrary to the information included in the FY 2008/2009 justification book DD Form 1391 dated September 2006, the proposed facility was not a joint Navy-Air Force facility but was actually an Air Force-only housing facility.

Prior to the Air Force's submission to Congress (as documented in the second Air Force Site Action Task Force report), the Navy had objected in November 2006 to Air Force-

only bachelor housing at NAS Pensacola. The Navy objected because the facilities would be uniquely Air Force and based on Air Force standards, would be built on a naval facility without allowing naval personnel access even on an as-available basis, and the Navy would still be responsible for maintaining the facilities.

In response, the Air Force prepared a revised DD Form 1391 (dated July 2007) that contained a new Air Force-only bachelor housing project estimated to cost \$39.6 million. The Air Force included this revised DD Form 1391 in its FY 2009 justification book submitted to Congress. The Air Force stated in the DD Form 1391 (dated July 2007) for the bachelor housing project that:

A preliminary analysis of reasonable options was accomplished comparing alternatives of leasing, renovation/modernization, and new construction. It indicates the only option that will meet operational requirements is new construction. Because of this, a full economic analysis was not performed. A certificate of exception<sup>7</sup> will be prepared.

The Air Force did not perform an adequate analysis of reasonable options. When we requested the analysis and waiver cited, the Air Force provided a narrowly focused analysis for this DD Form 1391. The Air Force provided an analysis that compared only the renovation of the existing building to demolition and new construction. The Air Force did not consider off-base housing or any other alternatives. Additionally, the Air Force did not obtain an economic analysis waiver for this project.

During the exit conference with the Air Force in July 2008, the DoD IG again brought to Air Force's attention that the project had no economic analysis or waiver. In response, the Air Force initiated a Request for Waiver from an Economic Analysis in July 2008, about a year after the DD Form 1391 was prepared. The Air Force asked the Navy to sign the request for waiver. However, a Navy official stated that the Navy could not assist with the economic analysis waiver because the Navy was not involved in developing the DD Form 1391.

Air Force Instruction (AFI) 65-501, "Economic Analysis," November 2004, states that the Office of the Secretary of Defense Comptroller has authority to grant waivers from economic analysis requirements. The Office of the Secretary of Defense Comptroller has not approved the waiver for this project.

DoD Financial Management Regulation, Volume 2B, Chapter 6, "Military Construction/Family Housing Appropriations," June 2006, states that an economic analysis is required to support all new construction or renovation projects estimated to cost over \$2 million. More restrictive and specific, AFI 65-501 requires a full economic analysis when a new project costs exceed \$1 million and more than one option exists to satisfy a valid requirement. Furthermore, a preliminary economic analysis is to include

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<sup>7</sup> Air Force Instruction 65-501, "Economic Analysis," November 2004, identifies an economic analysis waiver or exemption. The term used in the DD Form 1391 was certificate of exception.

an estimation of the benefits and cost of each feasible alternative as required by AFI 65-501, Chapter 2.2.5.1:

A preliminary EA [economic analysis] is a first effort at the elements of economic analysis, including: statement of the problem or objective, assumptions, alternatives, determination of feasible or infeasible alternatives, an estimation of the benefits and costs of each feasible alternative, and consideration of the riskiness of the recommendation relative to key variables.

The Air Force did not compare the numerous alternatives proposed during the 2004 to 2007 time frame that potentially could have met the need for housing undergraduate navigator trainees. We do not agree that new construction was the only option or that a waiver would apply to this project. The Air Force's request for a waiver was never approved by the Office of the Secretary of Defense Comptroller. We believe an economic analysis was required for this project; however, the Air Force did not perform an economic analysis or obtain a valid waiver.

## **Cost Estimates**

The Air Force did not support the line item cost estimates<sup>8</sup> in the DD Form 1391 (dated July 2007) for the bachelor housing project. According to AFI 32-1021, Chapters 2.2.3 and 3.3.4:

When it is determined a facility shall be constructed or upgraded, the Base Civil Engineer (BCE) will prepare and submit DD Forms 1391, and all other applicable documentation . . . Documentation (typically obtained from facility users) shall include a fully justified, indisputable case for accomplishing the project.

Accurate project cost estimates are essential to successful MILCON project development and execution. Cost estimates must be closely scrutinized to ensure they are in-line with the OSD [Office of the Secretary of Defense] Pricing Guide or fully justified with historical cost data.

The Air Force did not support either the user needs and/or unit costs on the DD Form 1391. Therefore, the primary and supporting line item cost estimates are not supported. The primary line item cost estimate in the DD Form 1391 is the bachelor housing line item. This line item accounts for about 75 percent of the estimated \$39.6 million project cost. The Air Force supported the user needs (number of personnel and room size equaling 143,420 square feet) but not the unit cost of \$208 per square foot. The bachelor housing line item also impacts other primary and supporting line items that were calculated as percentages of this line item. These line items account for about 19 percent of the project cost.

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<sup>8</sup> Line item cost estimates are calculated by multiplying the user needs by the unit costs. Each DD Form 1391 has several line item cost estimates that add up to the project cost.

The Air Force and Navy did not provide documentation supporting the \$208 per square foot unit cost for the bachelor housing line item. The Air Force's DD Form 1391 cited a 2006 Navy contract award as support for the bachelor housing project cost. The DD Form 1391 stated:

The cost estimate for this project (\$33,471,000 without demo [demolition] of Bldg [Building] 3246, and project Contingency and SIOH [Supervision, Inspection and Overhead]) is \$233SF [square feet]. It is based on a CY [Calendar Year] 2006 VQ [Visiting Quarters] award at NASP [NAS Pensacola]. This project (currently under construction) was awarded at approximately \$45.4M [million] (without furnishings, contingency and SIOH) and included multiple buildings, 365 VQ rooms, 400+ parking spaces and a total of 192,424SF or approximately \$235/SF.

The Navy could not provide support for the unit cost for the bachelor housing line item. The Navy provided a 2005 contract award not the 2006 contract award cited in the Air Forces' DD Form 1391 as the source of information which still did not support the cost. The Navy 2005 contract award identified the award for visiting quarters for about \$47.4 million, not \$45.4 million and did not cite the building's square feet as indicated on the Air Force's DD Form 1391. After our exit conference with the Navy in July 2008, Navy personnel provided a "Post Award Kickoff Meeting" document to support the square feet for the 2005 contract award. The square footage cited in the document was "up to 196,441 square feet." This square footage still does not support the \$208 per square foot cited by the Air Force.

The Air Force did not support the cost of the visiting quarters stated in the DD Form 1391. The Air Force maintained the position that the amounts were verbally provided by the Navy even after our exit conference in July 2008. The Air Force also attempted to support the unit cost by using the Office of the Secretary of Defense Pricing Guide (Unified Facilities Criteria). However, this calculation was flawed as well because it ignored the "area cost factor" needed for Pensacola.

The Air Force did not support the line item cost estimates as required by AFI 32-1021. The Air Force is the executive agent and is responsible for all documentation supporting the DD Form 1391. Because of the lack of support for the line item cost estimates, the Air Force cannot assure the line item cost estimates, and therefore the project cost estimate, are accurate.

## **Review and Validation**

The Air Force did not properly review and validate the DD Form 1391 (dated July 2007) for the bachelor housing project to ensure it was accurate and supported. The Air Force is responsible for ensuring that the DD Form 1391 is properly reviewed and validated.

According to AFI 32-1021, Chapter 3.3.3:

HQ USAF [Headquarters United States Air Force], MAJCOMs [major commands], and installations shall validate each MILCON project by

verifying the requirement that creates the need for the proposed project and confirming the proposed project is the most cost effective means of satisfying the requirement. Projects justified on an economic basis, and all projects costing over \$2 million, require an economic analysis in accordance with AFI 65-501, *Economic Analysis*. The MAJCOM/CEP [Civil Engineer Programmer] or equivalent confirms DD Form 1391 data is accurate and complete by signing the form in block 9.

Furthermore, AFI 32-1032, Chapter 3.5.5, “Planning and Programming Appropriated Funded Maintenance, Repair, and Construction Projects,” October 2003, states:

DD Forms 1391 forwarded to AF/ILE [Installations, Logistics and Environment] for approval must contain the following signed certification from the MAJCOM Civil Engineer Programmer (CEP): **“I have reviewed this document and certify it is complete and accurate. I have validated the project’s primary and supporting costs and work classification. It has been fully coordinated with the user and other appropriate agencies and approved by the Installation Commander.”**

The Air Force did not provide supporting documentation demonstrating that a proper review and validation was performed. We requested supporting documentation showing that the DD Form 1391 had been reviewed and validated. The Air Force stated that the project had been reviewed and validated in the Air Force’s BRAC Management Tool. We asked for access to the BRAC Management Tool to confirm that the project had been reviewed and validated. Rather than provide access to the system as requested so that we could validate the Air Force statements, the Air Force BRAC Program Management Office Director stated in an e-mail that:

A line-by-line review was conducted of all three of these MILCON projects. That review includes an analysis of the square foot requirement, unit cost factor, lump sum items, etc. If inconsistencies are found, we coordinate with the MAJCOM [major command] to re-evaluate the requirement and provide an updated, corrected 1391. There is no formal documentation of the line-by-line analysis. Instead, once the correct requirement has been stated, along with reasonable cost estimates, the 1391 is finally entered into BMT [BRAC Management Tool] where the requirement is approved and funding is programmed against it. Approval in BMT equates to final validation by our office.

We do not consider this statement adequate verification that AFI 32-1021 or AFI 32-1032 were followed, especially considering that the DD Form 1391 did not contain any of the required signatures or statements.

After our exit conference with the Air Force in July 2008, the Chief of Air Education and Training Command (AETC) BRAC Office provided screen prints of the approvals included in the BRAC Management Tool, demonstrating review and validation. However, all of the names noted as approving officials in the screen prints were those of contractors. The Air Force provided no evidence in the documents provided that review and validation by the BRAC Program Management Office, the major command, or any

other Government official had occurred. In addition, the items listed do not clearly state that this is a review and validation of the DD Form 1391 or its line items.

The Air Force did not include approving signatures on the DD Form 1391 or any other evidence demonstrating that a proper review and validation was performed. The Air Force did not follow either Air Force Instruction, and as a result, the data on the DD Form 1391 are unreliable, may be inaccurate, and the proposed facility may not be the most cost-effective means of satisfying the requirement.

## **Air Education and Training Command's Letter in Response to Discussion Draft**

The Air Force BRAC Program Management Office provided a memorandum from the Vice Commander AETC in response to the discussion draft (See Appendix C). The memorandum states:

While most training missions permit off base billeting/housing, it is AETC's position that AETC must have UOQs [Unaccompanied Officer Quarters]<sup>9</sup> available at Undergraduate Flying Training locations (specifically for Introduction to Fighter Fundamentals/Specialized Undergraduate Pilot Training and Combat Systems Officer courses<sup>10</sup>) and remote technical training or highly technical training locations. Examples are the Intelligence training at Goodfellow AFB and Space training at Vandenberg AFB. This is needed to maintain flight safety, guarantee crew rest, provide for a structured training regimen, assure good order and discipline, and maintain personnel safety and security.

It is noteworthy that the statement says that "most training missions permit off base billeting/housing . . ." This is the position that the Air Force took on housing Air Force students at NAS Pensacola prior to BRAC 2005. Additionally, the memorandum states:

AETC's experience over numerous years of training these officers shows that the ability of the training program to maintain structured curriculum and a safe, study-conducive environment after duty hours directly impacts the quality and consistency of the student product. This structure not only provides stability but also provides better opportunity for students to accomplish pre/post duty day requirements and access to study areas and materials in this fast-paced training environment. Approximately 90 percent of these students are new to the Air Force when they get to their training location and they have not mastered the Airman's "way of life."

If AETC's experience over numerous years of training has shown these factors to be essential to the effective execution of its training programs, these factors should have been well known to the Air Force when putting together the project submissions for Recommendation 128. However, these comments do not take into consideration that the current Air Force undergraduate navigator student population at NAS Pensacola is

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<sup>9</sup> Unaccompanied officer quarters are identified in the DD Form 1391 title as bachelor housing.

<sup>10</sup> Combat Systems Officer is referred to as undergraduate navigator training in Recommendation 128.

housed off-base; the proposed bachelor housing facility will only house half of the Air Force undergraduate navigator students in the program; and currently only half of the undergraduate students at Randolph AFB are housed on-base.

The AETC memorandum further states:

We view the loss of equivalent UOQ capability at Pensacola due to a failure of BRAC to fund the proposed project as detrimental to training safety and efficiency. We maintain it is in the best interest of the Air Force to retain this project as we require, to the maximum extent possible, that specified unaccompanied officer students use UOQ accommodations.

AETC Instruction 32-6004, “Unaccompanied Student Officer Quarters Management,” May 1999, states as part of AETC’s “philosophy” that students are to reside on-base “to the maximum extent quarters are available.” The instruction does not direct new facilities be built; nor does it provide a justification for building a new facility to house students if no on-base housing is available.

We question the ability of the proposed bachelor housing facility to resolve the issues of training safety and efficiency. Only half of the Air Force undergraduate navigator students will be housed on-base. The other half will be in off-base billeting/housing, which, as stated in the AETC memorandum, is normal for most training missions. The safety and efficiency factors should also apply to the students not able to get billeting on-base. In our opinion, the Air Force did not adequately justify the bachelor housing as mission essential. However, according to Public Law 101-510, “Defense Base Closure and Realignment Act of 1990,” as amended, section 2905, “Implementation,” states DoD may construct “replacement facilities” to realign any military installations. The Air Force would be constructing a replacement facility for the 202 on-base rooms that existed at Randolph AFB for unaccompanied student officers attending undergraduate navigator training.

## Conclusion

Although the Air Force did not adequately support the BRAC MILCON project for bachelor housing, the Air Force is allowed to construct the bachelor housing as a replacement facility under the BRAC law. However, the Air Force did not:

- perform an economic analysis comparing all feasible alternatives or obtain an economic analysis waiver,
- adequately justify the line item cost estimates with supporting documentation, or
- properly review and validate the DD Form 1391.

Nevertheless, the Air Force plans to construct an unsupported bachelor housing facility at NAS Pensacola.

## **Management Comments on the Finding and Our Response**

### ***Air Force Comments on the Finding***

The Deputy Assistant Secretary of the Air Force (Installations) disagreed with the finding and stated that Bachelor Housing Project TYMX073730 is valid, properly supported, and in compliance with both BRAC and fiscal authorities. However the Deputy Assistant Secretary did agree that certain project areas need to be improved.

The Deputy Assistant Secretary stated the Air Force adequately justified the need for Bachelor Housing Project TYMX073730. AETC Instruction 32-6004 requires, to the maximum extent possible, all unmarried student officers in their first duty assignment to reside in on-base unaccompanied officer quarters. Further, the Deputy Assistant Secretary stated that Bachelor Housing Project TYMX073730 is in accordance with Public Law 101-510, which authorizes the Secretary of Defense to take actions such as construction of replacement facilities to close or realign military installations.

The Deputy Assistant Secretary stated the Air Force evaluated all feasible alternatives to Bachelor Housing Project TYMX073730. AETC conducted a site survey and multiple reviews to determine that NAS Pensacola could not meet Air Force housing requirements. The DoD IG did not report that the Air Force's only alternative to new construction, three NAS Pensacola buildings, was replaced with a single condemned facility. The Deputy Assistant Secretary stated the renovation of the condemned facility exceeded 70 percent of the replacement cost, therefore warranting construction of a replacement facility. Off-base housing was not considered because of the AETC Commander's stance on off-base housing as stated in AETC Instruction 32-6004.

The Deputy Assistant Secretary acknowledged that the Air Force did not conduct a formal economic analysis nor was the requirement waived by the Office of the Secretary of Defense (Comptroller). An economic analysis did not occur because the Air Force and Navy could not determine who was ultimately responsible for conducting the analysis. The Deputy Assistant Secretary stated that the Air Force initiated a Request for Waiver in July 2008.

The Deputy Assistant Secretary said that the Air Force adequately justified line item cost estimates in the DD Form 1391. The Air Force prepared the cost estimate as required by the DoD Facilities Pricing Guide; however, local market stresses were not considered when calculating the average unit cost.

The Deputy Assistant Secretary stated that the Air Force properly reviewed and validated the DD Form 1391. Validation included multiple reviews and substantiation through visits and site surveys. Four separate levels of review were conducted for each BRAC

project and were then recorded in the Air Force’s integrated Civil Engineering data management system.

## ***Our Response***

As a result of management comments and a subsequent meeting with senior Air Force and DoD IG officials, we revised draft Finding A to remove our statement that the bachelor housing requirement was invalid; however, we continue to maintain that the Air Force did not adequately support the project. We agree that Public Law 101-510, as amended, section 2905, states that DoD may construct “replacement facilities” to realign any military installations. The Air Force would be constructing a replacement facility for the 202 on-base rooms that existed at Randolph AFB for unaccompanied student officers attending undergraduate navigator training at NAS Pensacola. However, the Air Force acknowledged that certain areas related to the project documentation and support need improvement. Also, the Air Force is not relieved of the requirement to follow the DoD Financial Management Regulation or Air Force Instructions when preparing and submitting the request for the bachelor housing project.

We agree that the Air Force examined alternatives, including off-base housing, but did not consider all feasible alternatives. As part of Air Force’s “disciplined and multi-layered review process,” it prepared two site surveys and two Site Action Task Force reports. The Air Force’s initial site survey identified off-base housing as an alternative. However, the Air Force ultimately did not consider this alternative because of AETC’s “philosophy” that students are to reside on-base “to the maximum extent quarters are available.” The Air Force states it chose new construction over renovating an existing building at NAS Pensacola because renovation exceeded 70 percent of the replacement value. However, Air Force Instruction 32-1021 specifically states this 70 percent threshold applies to minor unspecified construction and that the project must be unforeseen and so urgent it cannot wait for the next MILCON programming. The Air Force’s decision to choose new construction over renovation resulted in an estimated increase of about \$10 million.

The Air Force acknowledged it did not perform an economic analysis or obtain a proper economic analysis waiver for this project. Therefore, it did not properly evaluate all feasible alternatives. As executive agent, the Air Force was required to perform an economic analysis in accordance with the DoD Financial Management Regulation and Air Force Instructions. Further, the Air Force’s request for an economic analysis waiver was not initiated until the DoD IG brought it to the Air Force’s attention. The economic analysis waiver as required by Air Force Instruction 65-501 was not approved by the Office of the Secretary of Defense.

We disagree that the Air Force properly prepared the cost estimates as prescribed in the DoD Pricing Facilities Guide and supplemental historical costs. The Air Force did not adequately justify the line item cost estimates in the DD Form 1391. The Air Force did not justify the primary line item cost estimate (bachelor housing line item) that accounted for approximately 75 percent of the total project cost with historical construction data or the DoD Pricing Facilities Guide. The Air Force supported the user needs but not the

unit costs for this line item. Specifically, the Air Force did not support the Navy Bachelors Quarters data (historical cost) it cited in the DD Form 1391. In addition, the Air Force incorrectly calculated this line item's unit cost using the DoD Pricing Facilities Guide because it ignored the “area cost factor” for the Pensacola area. The bachelor housing line item also impacted other primary and supporting line items that were calculated as percentages of this line item. These line items accounted for an additional 19 percent of the project cost.

Although the Air Force identified several alternatives to new construction in its site surveys and Site Action Task Force visits, the Air Force did not perform a preliminary or full economic analysis comparing these alternatives in accordance with DoD Financial Management Regulation 7000.14-R or Air Force Instructions. The Air Force did not properly review and validate the DD Form 1391 in accordance with Air Force Instructions. Despite our requests and the Air Force’s repeated assertions, the Air Force has not provide documentation demonstrating that a proper review and validation had taken place in accordance with Air Force Instructions. As such, the data on the DD Form 1391 are unreliable and the proposed facility may not be the most cost-effective means of satisfying the requirement.

## **Recommendations, Air Force Comments, and Our Response**

**Deleted Recommendation and Renumbered Recommendation.** As a result of management comments and a subsequent meeting with senior Air Force and DoD IG officials, we have revised draft Finding A and deleted draft Recommendation A.1. Draft Recommendations A.2.a. and A.2.b. have been renumbered as Recommendations A.1. and A.2.

### **A. We recommend that the Deputy Assistant Secretary of the Air Force (Installations) for future Base Realignment and Closure military construction projects:**

- 1. Ensure that each proposed project is a valid Base Realignment and Closure requirement.**
- 2. Follow DoD and Air Force requirements by conducting an economic analysis when a project is first considered, justifying the user needs and unit costs in the DD Form 1391 with supporting documentation, and properly reviewing and validating the DD Form 1391.**

### ***Air Force Comments on Recommendations A.1. and A.2.***

The Air Force agreed with the recommendations and stated it would properly validate each proposed BRAC project, perform an economic analysis, provide supporting documentation for the DD Form 1391, and properly review and validate the DD Form 1391 and provide formal guidance to the Air Force major command Base

Realignment and Closure offices by November 2008. Subsequently, the Air Force provided documentation that it verbally reinforced the requirements at its semi-annual Base Realignment and Closure Program Management Review in November 2008 and reinforced the economic analysis requirement in an e-mail in December 2008.

### ***Our Response***

The Air Force comments were responsive. Air Force personnel informed us that they did verbally reinforce the requirements at their semi-annual Base Realignment and Closure Program Management Review in November 2008 but did not notify us as of the date of this report that they issued formal guidance. The DoD IG Audit Followup office will address whether Air Force complied with its response in their process. No additional comments are required.

# **Finding B. Hangar and Instruction Facility Projects**

The Air Force did not provide adequate support for the BRAC MILCON project data in Hangar project TYMX073710 and Instruction Facility project TYMX073720 DD Forms 1391 for BRAC Recommendation 128 Undergraduate Navigator Training. The support was inadequate because the Air Force did not:

- perform an economic analysis or obtain a waiver,
- adequately justify the line item cost estimates, or
- properly review and validate the DD Forms 1391.

As a result, the Air Force cannot assure these facilities are the most cost-effective alternatives for these two projects. Nevertheless, the Air Force awarded a contract for both the hangar and instruction facility projects on March 4, 2008, for an estimated cost of \$45.8 million for new construction that did not reduce excess capacity, eliminate redundancy, or enhance jointness.

## **Support for the Projects**

The Air Force did not follow the DoD Financial Management Regulation 7000.14-R or Air Force Instructions to ensure the hangar and instruction facility projects were supported and that these facilities were the most cost-effective alternatives. The Air Force considered renovation and additions to existing facilities along with new construction for the hangar and instruction facility projects, but ultimately decided on new construction without performing an economic analysis. The Air Force also did not obtain an economic analysis waiver. The Air Force did not support the user needs and unit costs used to compute the line items cost estimates in the DD Forms 1391.

Furthermore, the Air Force did not provide adequate support demonstrating the DD Forms 1391 were properly reviewed and validated. Despite these problems, the Air Force awarded a contract for these projects on March 4, 2008. The Air Force stated that any joint training proposal requiring modification to the planned facilities would jeopardize BRAC MILCON funding and upset the required timeline to start training in May 2010 [at NAS Pensacola].

## **Economic Analysis**

The Air Force did consider existing facilities, but did not perform a preliminary or full economic analysis. Nor did the Air Force obtain a waiver<sup>11</sup> for the hangar and instruction facility projects for Recommendation 128. The Air Force prepared two site surveys and two Site Action Task Force reports, and the Navy prepared a BRAC Program

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<sup>11</sup> After our July 2008 exit conference, the Air Force attempted to request an economic analysis waiver more than 1 year after the DD Forms 1391 were prepared. AFI 65-501 states the request for waiver is not valid until the request is approved by the Office of the Secretary of Defense Comptroller. This request for waiver was never approved by the Office of the Secretary of Defense Comptroller.

Relocation Study. However, the information contained in these reports was never consolidated into one document. The Air Force considered these documents individually, but did not consider the data as a whole to determine the project requirements. The Air Force also changed the project requirements to include the results of the latest report. For example, the Air Force initially considered renovation and additions to existing facilities along with new construction for the hangar and instruction facility projects, but as each report was released, the project requirements transitioned to greater and greater use of new construction, eliminating the consideration of existing facilities altogether.<sup>12</sup> Eventually, the Air Force configurations became totally separate, Air Force-only facilities contrary to the justifications submitted with the Secretary of Defense's recommendation to the BRAC 2005 Commission.

The Air Force was unable to provide a preliminary analysis prepared prior to the development of the DD Forms 1391 or obtain an economic analysis waiver. The DD Forms 1391 state that a preliminary analysis of reasonable options was accomplished by comparing alternatives of status quo, renovation, addition/alteration, and new construction. AFI 65-501, "Economic Analysis," states that when a full economic analysis is not performed, it is appropriate to complete a waiver or exemption. AFI 65-501 also states that a financial analysis must be part of program planning when a project is first considered. The site surveys, Site Action Task Force reports, and relocation study did not contain a cost-benefit analysis that compared each alternative from a cost standpoint. As a result, the Air Force did not follow AFI 65-501, and therefore, cannot determine whether the proposed facilities are the most cost-effective alternatives.

## **Cost Estimates**

The Air Force did not provide adequate support for the line item cost estimates<sup>13</sup> in the DD Forms 1391 for the hangar and instruction facility projects.

According to AFI 32-1021, Chapters 2.2.3 and 3.3.4:

When it is determined a facility shall be constructed or upgraded, the Base Civil Engineer (BCE) will prepare and submit DD Forms 1391, and all other applicable documentation . . . Documentation (typically obtained from facility users) shall include a fully justified, indisputable case for accomplishing the project.

Accurate project cost estimates are essential to successful MILCON project development and execution. Cost estimates must be closely scrutinized to ensure they are in-line with the OSD Pricing Guide or fully justified with historical cost data.

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<sup>12</sup> One exception is that the hangar project includes minor expansions to an existing Navy parachute and engine shop.

<sup>13</sup> Line item cost estimates are calculated by multiplying the user needs by the unit costs. Each DD Form 1391 has several line item cost estimates that add up to the project cost.

The Air Force did not provide adequate support for the cost estimates. We requested supporting documentation from the Air Force and Navy for the line item user needs and unit costs that are included in the justification book and updated versions of the DD Forms 1391. Navy officials stated that the Air Force should have all of the project documentation. Air Force officials provided documentation that did not adequately support the line item cost estimates. The lack of documentation provided for subsequent requests demonstrated that the Air Force did not have appropriate documentation to support the line item cost estimates in either version of the DD Forms 1391. Line item cost estimates are only supported if both the user needs and unit costs are supported.

## **User Needs**

The Air Force did not provide adequate support for user needs<sup>14</sup> in the DD Forms 1391 for the hangar and instruction facility projects. The Air Force provided spreadsheets that broke out some of the user needs in the DD Forms 1391, allocating the number of personnel and gross area allowed per person to each item. The spreadsheets also partially identified the equipment items used to calculate user needs. We were able to locate most of the supporting documentation for the gross area allowed per person/item, but were unable to obtain support for the number of personnel and certain equipment items. In addition, the Air Force was unable to support any of the user needs in the DD Forms 1391 not included in the spreadsheets.

Because the Air Force did not provide support for each personnel number and equipment item, we could not determine the actual user needs. These calculations are dependent upon supported personnel and equipment numbers. Therefore, the unsupported user needs in the DD Forms 1391 may be inaccurate.

## **Unit Costs**

The Air Force was unable to provide adequate documentation to support the unit costs in both versions of the DD Forms 1391 for the hangar and instruction facility projects. However, we were able to calculate a small portion of the unit costs based on historical cost data in the Unified Facilities Criteria 3-701-06, *DoD Facilities Pricing Guide*, March 30, 2006, and the *Historical Air Force Construction Cost Handbook*, February 2005. In the cases where we could calculate the unit cost, the Air Force understated or overstated the unit costs in both versions of the DD Forms 1391.

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<sup>14</sup> For personnel, the user needs are calculated by multiplying the number of personnel times the gross area allowed per person. For equipment (for example, aircraft), the user needs are calculated by multiplying the number of equipment items by the gross area allowed per item.

Table 1 provides examples of our unit cost calculations and the variances from the DD Forms 1391, dated February 2007, unit costs.

**Table 1. Unit Cost Calculations**

Line Item	DD Form 1391 Unit Costs (February 2007)	DoD Facilities Pricing Guide	Historical Air Force Construction Cost Handbook	Variance*
<b>Hangar</b>	\$2,626.26	\$2,015.97	N/A	\$610.29
<b>Parachute shop expansion</b>	1,907.27	2,260.71	N/A	-353.44
<b>Applied instruction facility</b>	2,123.00	1,559.01	N/A	563.99
<b>Simulator space</b>	2,109.00	N/A	\$2,897.82	-788.82

\* The Air Force was unable to support the user needs, and as a result, we were unable to calculate the total variance for the particular line item.

## Review and Validation

The Air Force did not properly review and validate the DD Forms 1391 for the hangar and instruction facility projects to ensure they were accurate and supported. As a result, the data on the DD Forms 1391 may be inaccurate, and the proposed projects may not be the most cost-effective means of satisfying the requirement. The following Air Force Instructions outline the requirements for a proper review and validation.

- AFI 32-1021 requires installation commanders to review and validate installation MILCON facility requirements. The instruction also requires the Air Force to validate each MILCON project by verifying the requirement that created the need for the proposed project and confirming the proposed project is the most cost-effective means of satisfying the requirement.
- AFI 32-1032 requires project documents (DD Form 1391) to be signed by an appropriate approving official.

The Air Force did not provide DD Forms 1391 that included approving signatures or any other evidence demonstrating that a proper review and validation was performed. As the executive agent for the hangar and instructional facility projects, the Air Force is responsible for ensuring that the DD Forms 1391 are properly reviewed and validated. The issues related to the proper review and validation are addressed in greater detail in Finding A.

## Conclusion

The Air Force was unable to support the military construction project data in the DD Forms 1391 for the hangar and instruction facility projects. The Air Force considered the renovation of and additions to existing facilities, but ultimately decided on new construction without performing an economic analysis or obtaining a waiver. The

Air Force did not support the line item cost estimates or properly review and validate in the DD Forms 1391. The Air Force cannot assure that the proposed facilities are the best and most cost-effective alternative for meeting the need of relocating the undergraduate navigator training to NAS Pensacola. Nevertheless, the Air Force awarded a contract for both the hangar and instruction facility projects on March 4, 2008, for an estimated cost of \$45.8 million.

## **Management Comments on the Finding and Our Response**

### ***Air Force Comments on the Finding***

The Deputy Assistant Secretary of the Air Force (Installations) states the circumstances for this finding are exactly the same as detailed in their comments to Finding A. Please see Finding A, "Management Comments on the Finding and Our Response" for greater detail (page 15).

### ***Our Response***

Although the finding for hangar and instruction facility projects was slightly different from Finding A in that we did not originally state in the draft that the projects were invalid other than for the bachelor housing project, we did state that the projects were not adequately supported. We continue to maintain that the projects were not adequately supported as identified in our response to Finding A as well as additional comments here. The Air Force identified feasible alternatives for the facility projects. However, the Air Force did not perform the required economic analysis or obtain an economic analysis waiver. Instead, the Air Force asserts it followed a disciplined and multi-layered review process prosecuted through AETC, the Air Force BRAC Program Management Office, and the Office of the Civil Engineer. Despite the Air Force's assertion that it followed a disciplined and multi-layered review process, the Air Force did not follow Air Force Instructions and therefore cannot say with assurance whether the proposed hangar and instruction facilities are the most cost-effective alternatives.

The Air Force did not provide adequate support for the line item cost estimates in the DD Forms 1391 for the hangar and instruction facility projects. Therefore, the Air Force did not properly prepare the cost estimates in accordance with Air Force Instructions.

Additionally, the Air Force did not properly review and validate the DD Forms 1391 in accordance with Air Force Instructions, or provide documentation demonstrating a proper review and validation had taken place. As such, the data on the DD Forms 1391 are unreliable and the proposed facilities may not be the most cost-effective means of satisfying the requirement.

## **Recommendation, Air Force Comments, and Our Response**

**B. We recommend that the Deputy Assistant Secretary of the Air Force (Installations) for future Base Realignment and Closure military construction projects follow the DoD Financial Management Regulation and Air Force Instructions by conducting an economic analysis when a project is first considered, justifying the user needs and unit costs in the DD Form 1391 with adequate supporting documentation, and properly reviewing and validating the DD Form 1391.**

### ***Air Force Comments on Recommendation B.***

The Air Force agreed with the recommendation and stated that for future Base Realignment and Closure military construction projects, the Air Force will follow DoD Financial Management Regulation and Air Force Instructions, conduct an economic analysis when a project is first considered, justify user needs and unit costs in the DD Form 1391 with adequate supporting documentation, and properly review and validate the DD Forms 1391. The Air Force was to reinforce these requirements in formal guidance to Air Force major command Base Realignment and Closure offices by November 2008. Subsequently, the Air Force provided documentation that it verbally reinforced the requirements at its semi-annual Base Realignment and Closure Program Management Review in November 2008 and followed it up with an e-mail to reinforce the economic analysis requirement in December 2008.

### ***Our Response***

The Air Force comments were responsive. Air Force personnel informed us that they did verbally reinforce the requirements at their semi-annual Base Realignment and Closure Program Management Review in November 2008 but did not notify us as of the date of this report that they issued formal guidance. The DoD IG Audit Followup office will address whether Air Force complied with its response in their process. No additional comments are required.

# Planned Undergraduate Navigator Training and Facilities Will Not Enhance Jointness

When the Air Force relocates the undergraduate navigator training program from Randolph AFB to NAS Pensacola, future undergraduate navigator training will be collocated and not be joint. Both the Air Force and the Navy had many joint aspects that could be found throughout their undergraduate navigator training programs at Randolph AFB and NAS Pensacola. Currently, however, the Air Force no longer has any joint navigator training with the Navy at Randolph AFB. The Navy continues to have joint navigator training with the Air Force at NAS Pensacola. The Secretary of Defense's Justification for BRAC Recommendation 128 Undergraduate Navigator Training states that implementation of the recommendation will:

- reduce excess capacity,
- eliminate redundancy,
- enhance jointness, and
- improve military value.

Prior to BRAC 2005, the Air Force and the Navy planned to consolidate all undergraduate navigator training at NAS Pensacola, and the Air Force focused on a new joint training program with the Navy. The Air Force planned to share primary and intermediate training platforms and simulators, share command, and use a common training syllabus with the Navy. As part of the joint training, the Air Force proposed new construction, renovation, and additions to existing Navy training facilities.

As BRAC 2005 was in the process of being developed, the Navy and Air Force changed their intermediate training platforms and simulator requirements.<sup>15</sup> Consequently, the Air Force is collocating, rather than consolidating, its undergraduate navigator training at NAS Pensacola and is developing a separate training syllabus. During this time and after BRAC 2005 became law, the Air Force moved its proposed hangar and instruction facility to locations separate from the existing Navy facilities. The Air Force hangar and instruction facility are now separate, Air Force-only facilities and are new construction.<sup>16</sup>

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<sup>15</sup> The Navy and Air Force primary training platforms remain the same aircraft; however, the Navy uses a different version of the aircraft (for example, the cockpit configuration).

<sup>16</sup> One exception is that the hangar project includes minor expansions to an existing Navy parachute and engine shop.

Tables 2 and 3 are comparisons of the current and future undergraduate navigator training program and its facilities.

**Table 2. Current Undergraduate Navigator Training**  
Geographically Separated/Joint Training

Randolph Air Force Base	Naval Air Station Pensacola
<ul style="list-style-type: none"> <li>Two squadrons: 562<sup>nd</sup> and 563<sup>rd</sup></li> <li>562<sup>nd</sup> squadron was a rotating command between the Air Force and Navy*</li> <li>563<sup>rd</sup> is an Air Force squadron with Air Force leadership and instructors</li> <li>Air Force and Navy undergraduate navigators train with international students*</li> <li>Use common facilities and aircraft*</li> </ul>	<ul style="list-style-type: none"> <li>Three squadrons: VT-4, VT-10, and VT-86</li> <li>VT-10 was a joint-commanded squadron</li> <li>VT-4 and VT-86 are Navy squadrons</li> <li>Instructors and students from the Navy, Air Force, Marine Corps, and international countries can be found throughout the squadrons</li> <li>Share facilities and aircraft</li> </ul>

\* As of the end of FY 2008, the 562<sup>nd</sup> stopped having a rotating command or training Navy navigators.

**Table 3. Future Undergraduate Navigator Training**  
Geographically Collocated/Service-Specific Training

Air Force at Naval Air Station Pensacola	Navy at Naval Air Station Pensacola
<ul style="list-style-type: none"> <li>Service-specific Air Force squadrons</li> <li>No joint or rotating commands</li> <li>Service-specific Air Force undergraduate navigator training pipeline with no international students</li> <li>Service-specific BRAC MILCON-funded facilities to conduct training</li> <li>Similar primary training aircraft</li> <li>Different intermediary training aircraft</li> </ul>	<ul style="list-style-type: none"> <li>Service-specific Navy squadrons</li> <li>No joint commands</li> <li>Service-specific Navy undergraduate navigator training pipeline with international students</li> <li>Service-specific facilities to conduct training</li> <li>Similar primary training aircraft</li> <li>Different intermediary training aircraft</li> </ul>

Excerpts from 2007 correspondences between the Chief of Naval Air Training and Air Education Training Command illustrate Navy and Air Force differences.

**From the DEPARTMENT OF THE NAVY, CHIEF OF NAVAL AIR TRAINING to the DEPARTMENT OF THE AIR FORCE, AIR EDUCATION AND TRAINING COMMAND:**

As we move toward the BRAC directed consolidation of Undergraduate Military Flight Officer (UMFO) training at NAS Pensacola, I seek your concurrence with the plan to conduct joint primary UMFO flight training utilizing the T-6A. . . . I offer the following vision for your consideration. We intend to consolidate VT-4 and VT-10 into a single squadron. We propose that both that

squadron and the 562<sup>nd</sup> FTS [Flying Training Squadron] conduct joint UMFO training, alternating USN [United States Navy] and USAF officers in command of each. We further recommend intermingling the instructors and students of both services in each squadron.

**From the DEPARTMENT OF THE AIR FORCE, AIR EDUCATION TRAINING COMMAND to the DEPARTMENT OF THE NAVY, CHIEF OF NAVAL AIR TRAINING:**

... there remain differences in CSO and Naval Flight Officer service-unique requirements . . . As you know the planned facilities to support CSO training operations, and the aircraft & simulator capabilities we bring to NAS Pensacola are sized to meet AF [Air Force]-only requirements. . . any joint training proposal requiring modification to the planned facilities would jeopardize BRAC MILCON funding and upset the required timeline to start training in May 2010.

The differences cited above have resulted in a lack of focus to “Train as we fight: jointly” as stated in the Secretary of Defense Justification for Recommendation 128. According to the Air Force, the Navy’s changes in training platforms do not meet the needs of the Air Force’s training philosophies. However, according to the Navy, the primary training platforms and syllabi are not that different and offer future opportunities for jointness. Further, the Air Force’s decision to build an Air Force-only hangar and instruction facility impedes the two Services’ abilities to reestablish a joint training environment at NAS Pensacola.

By not being able to resolve the inter-Service conflicts over training platforms and philosophies, the jointness and the synergies that did exist will be lost. The positive results of the recent joint training approach will take years to recreate in this collocated approach. With different training platforms and different training philosophies, the chance that jointness will actually occur is remote.

## **Management Comments on Joint Training and Our Response**

### ***Navy Comments on Joint Training***

Although not required to comment, the Assistant Secretary of the Navy (Installations and Environment) provided comments to this section stating the Navy continues to seek joint training opportunities with the Air Force and does not agree that the Navy and Air Force are unable to resolve inter-Service conflicts over training platforms and philosophies.

### ***Our Response***

We acknowledge the similarities of the Navy and Air Force primary training platforms; however, we disagree that the Air Force is committed to joint training. As it stands, when the Air Force relocates to NAS Pensacola, the squadrons, commands, training pipeline, aircraft, and facilities will be Air Force-specific.

# Inherently Governmental Functions

Throughout the course of the audit we were directed to Air Force contractors as the Air Force experts and providers of documentation rather than Air Force Government officials. We are concerned that some of these contractor personnel may be performing inherently governmental functions rather than functioning in a support capacity. For example:

- The AETC primary contact for all requested information on the three BRAC MILCON projects was a contractor. Prior to our exit conference with the Air Force in July 2008, the information provided did not show any evidence that it was reviewed and approved by a Government employee prior to being provided.
- When we scheduled the meeting to obtain Air Force responses to the discussion draft and excluded contractors based on Federal Acquisition Regulation (FAR) Section 7.503 (c) (20), “Policy,” we were told that the Government employees in attendance would not be able to adequately answer our questions and that any additional information would have to be obtained from the contractors.
- Contractors were reviewing and validating DD Form 1391 project documentation that should have been approved by Government employees.

The FAR addresses inherently governmental functions in several sections.

Federal Acquisition Regulation (FAR) Section 2.101, “Definitions,” defines an inherently governmental function as “a function that is so intimately related to the public interest as to mandate performance by Government employees.” Additionally, it states that “an inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States so as to exert ultimate control over the acquisition, use, or disposition of the property, real or personal, tangible or intangible, of the United States, including the collection, control, or disbursement of Federal funds.”

FAR Section 7.503(c) provides a list of examples of functions considered to be inherently governmental functions. It specifically states that “the drafting of Congressional testimony, responses to Congressional correspondence, or agency responses to audit reports from the Inspector General, the Government Accountability Office, or other Federal audit entity” is an inherently governmental function.

In addition, FAR Section 37.114, “Special Acquisition Requirements,” states:

Contracts for services which require the contractor to provide advice, opinions, recommendations, ideas, reports, analyses, or other work products have the potential for influencing the authority, accountability, and responsibilities of Government officials. These contracts require

special management attention to ensure that they do not result in performance of inherently governmental functions by the contractor and that Government officials properly exercise their authority. Agencies must ensure that -- (a) A sufficient number of qualified Government employees are assigned to oversee contractor activities, especially those that involve support of government policy or decision making. During performance of service contracts, the functions being performed shall not be changed or expanded to become inherently governmental. (b) A greater scrutiny and an appropriate enhanced degree of management oversight is exercised when contracting for functions that are not inherently governmental but closely support the performance of inherently governmental functions (see 7.503(c)). (c) All contractor personnel attending meetings, answering Government telephones, and working in other situations where their contractor status is not obvious to third parties are required to identify themselves as such to avoid creating an impression in the minds of members of the public or Congress that they are Government officials, unless, in the judgment of the agency, no harm can come from failing to identify themselves. They must also ensure that all documents or reports produced by contractors are suitably marked as contractor products or that contractor participation is appropriately disclosed.

Further, Office of Management and Budget, Policy Letter 92-1, dated September 23, 1992, restates and elaborates on FAR Section 7.503:

**(c) Drafting of Congressional testimony, responses to Congressional correspondence, and agency responses to audit reports from an Inspector General, the General Accounting Office, or other Federal audit entity.** While the approval of a Government document is an inherently governmental function, its drafting is not necessarily such a function. Accordingly, in most situations the drafting of a document, or portions thereof, may be contracted, and the agency should review and revise the draft document, to the extent necessary, to ensure that the final document expresses the agency's views and advances the public interest. However, even though the drafting function is not necessarily an inherently government function, it may be inappropriate, for various reasons, for a private party to draft a document in particular circumstances. Because of the appearance of private influence with respect to documents that are prepared for Congress or for law enforcement or oversight agencies and that may be particularly sensitive, contractors are not to be used for the drafting of Congressional testimony; responses to Congressional correspondence; or agency responses to audit reports from an Inspector General, the General Accounting Office, or other Federal audit entity.

Contractors have been given authority over several functions in the Air Force BRAC MILCON process for the projects reviewed that appear to be inherently governmental functions as defined in the FAR. Examples of these positions and functions include the following.

- At AETC, the program manager for the relocation of undergraduate navigator training from Randolph AFB to NAS Pensacola and the civil engineering program manager (construction/facilities) for the three BRAC MILCON projects are

contractor employees. When the audit was initiated, the Chief of the AETC BRAC office informed us that contractors would provide all the information we needed to complete the audit.

- Prior to our exit conference in July 2008, the Chief of the AETC BRAC office, who said he was the sole Governmental representative for these projects, appeared to have limited knowledge of the required project documentation and said he could not adequately answer our questions concerning the discussion draft without the presence of contractors.
- At the Air Force BRAC Program Management Office, the program manager for the three Air Force BRAC MILCON projects is a contractor and appeared primarily responsible for the management and oversight of these projects.
- During our exit conference conducted in July 2008 at the Air Force BRAC Program Management Office, neither the director nor other Government officials were able to directly answer questions concerning the discussion draft without the presence of contractors. The director said the information obtained during the meeting concerning the BRAC MILCON projects would be limited.
- After our exit conferences with AETC and Air Force BRAC Program Management Office, we received screen prints of the project approvals that were said to demonstrate review and validation of the BRAC MILCON projects. However, all of the names listed in the screen prints were those of contractors.

Air Force personnel have said that the great increase in the use of contractors to perform functions formerly done by Government employees has been due to the shortage of Government personnel and funding. In light of Findings A and B, we are concerned the three BRAC MILCON projects have not received the appropriate Government supervision and oversight by AETC and the Air Force BRAC Program Management Office to ensure that they were adequately supported and that the most cost-effective alternatives were selected.

Based on the guidance in the FAR, we believe that the supervision/oversight and approval of these BRAC MILCON projects are inherently governmental functions and should not be carried out by contractors.

# Appendix A. Scope and Methodology

We conducted this performance audit from October 2007 through October 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed the FY 2008 and FY 2009 BRAC 2005 MILCON budget data submitted by the DoD Components in response to the recommendations and identified BRAC MILCON projects involving more than one military Service. We coordinated with each Service's audit organization and the Government Accountability Office (GAO) to avoid duplication of effort. We judgmentally selected "Military Construction Project Data" DD Forms 1391 for Air Force projects TYMX073710, "BRAC – USAF Navigator Training Hangar"; TYMX073720, "BRAC – CSO Applied Instruction Facility"; and TYMX073730, "BRAC – Combat Systems Officer (CSO) Bachelor Housing," estimated at \$80 million, for our review. In making our selections, we considered estimated dollar values, project objectives, and potential for identifying and correcting budget problems before projects are implemented. We conducted this audit to review the accuracy of the budget data for these three projects. We were limited in our review of line item cost estimates because the Air Force did not provide adequate support documentation.

We reviewed applicable DoD Financial Management Regulations, Air Force guidance, and historical cost data pertaining to BRAC MILCON cost estimating, economic analysis, review, and validation, and required supporting documentation.

- FAR Section 2.101, "Definitions," April 22, 2008;
- FAR Section 7.503, "Policy," March 31, 2008;
- FAR Section 37.114, "Special Acquisition Requirements," September 17, 2008;
- Office of Management and Budget, Policy Letter No. 92-1, September 23, 1992;
- DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 6, "Military Construction/Family Housing Appropriations," June 2006;
- DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 7, "Base Realignment and Closure Appropriations," June 2006;
- Air Force "Unaccompanied Housing Design Guide," January 2006;
- Air Force Instruction 65-501, "Economic Analysis," November 10, 2004;
- Air Force Instruction 32-1032, "Planning and Programming Appropriated Funded Maintenance, Repair, and Construction Projects," October 15, 2003;
- Air Force Instruction 32-1021, "Planning and Programming Military Construction (MILCON) Projects," January 24, 2003;
- Air Force Handbook 32-1084, "Facility Requirements," September 1, 1996;
- Headquarters Air Education and Training Command "Squadron Operations/Aircraft Maintenance Unit" Standards;

- Unified Facilities Criteria 3-701-06, *DOD Facilities Pricing Guide*, March 30, 2006;
- *Historical Air Force Construction Cost Handbook*, February 2005; and
- Air Education and Training Command Instruction 32-6004, “Unaccompanied Student Officer Quarters Management,” May 1999.

In addition, we reviewed Public Law 101-510, “Defense Base Closure and Realignment Act of 1990,” as amended, section 2905 to determine BRAC implementation guidance.

We visited the losing site (Randolph AFB, Texas) and gaining site (NAS Pensacola, Florida) and requested documentation to answer the overall and specific audit objectives for the selected projects. During site visits to Randolph AFB and NAS Pensacola, we held extensive interviews with program managers, MILCON civil engineers, and squadron commanders and officers. We also toured existing and proposed facility locations to help identify the current and future undergraduate navigator training program user needs.

We compared the budget data submitted on the DD Forms 1391 to applicable criteria to determine whether the projects were accurate, valid, and supported, and whether the BRAC analysis considered existing facilities. For each project we:

- compared the approved business plan, revised business plan, justification book DD Forms 1391, revised DD Forms 1391, and Recommendation 128 to each other;
- requested supporting documentation for both versions of the DD Forms 1391 line items;
- requested related economic analyses; and
- requested documentation supporting the review and validation.

## **Use of Computer-Processed Data**

We did not use computer-processed data to perform this audit.

## **Appendix B. Prior Coverage**

During the last 5 years, GAO, DoD IG, the Army Audit Agency, the Naval Audit Service, and the Air Force Audit Agency have issued 57 reports discussing the Defense BRAC MILCON. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted Army, Navy, and Air Force reports can be accessed at <http://www.hqda.army.mil/aaaweb>, <http://www.hq.navy.mil/navalaudit>, and <http://www.afaq.hq.af.mil>.

### **GAO**

GAO Report No. GAO-08-159, “Military Base Realignments and Closures: Cost Estimates Have Increased and Are Likely to Continue to Evolve,” December 2007

GAO Statement No. GAO-05-905, “Military Bases: Observations on DoD’s 2005 Base Realignment and Closure Selection Process and Recommendations,” July 18, 2005

GAO Statement No. GAO-05-614, “Military Base Closures: Observations on Prior and Current BRAC Rounds,” May 3, 2005

GAO Report No. GAO-05-138, “Military Base Closures: Updated Status of Prior Base Realignments and Closures,” January 2005

### **DoD IG**

DoD IG Audit Report No. D-2009-022, “Base Realignment and Closure 2005 Military Construction Project to Consolidate and Relocate Service Media Activities to Fort Meade, Maryland,” November 14, 2008

### **Army**

Army Audit Agency Report No. A-2008-0224-ALI, “Base Realignment and Closure 2005 Construction Requirements: U.S. Army Forces Command and U.S. Army Reserve Command Headquarters Building, Fort Bragg, North Carolina,” August 21, 2008

Army Audit Agency Report No. A-2008-0214-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Fort Hamilton, New York,” August 21, 2008

Army Audit Agency Report No. A-2008-0210-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, East Houston, Texas,” August 6, 2008

Army Audit Agency Report No. A-2008-0205-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Missoula, Montana,” August 4, 2008

Army Audit Agency Report No. A-2008-0125-ALI, “Base Realignment and Closure 2005 Construction Requirements: Vehicle Maintenance Complex, Fort Bragg, North Carolina,” July 31, 2008

Army Audit Agency Report No. A-2008-0194-ALI, “Base Realignment and Closure 2005 Construction Requirements: Headquarters, 1st Armor Training Brigade, Fort Benning, Georgia,” July 28, 2008

Army Audit Agency Report No. A-2008-0184-ALI, “Base Realignment and Closure 2005 Construction Requirements: U.S. Army Materiel Command Headquarters, Redstone Arsenal, Alabama,” July 23, 2008

Army Audit Agency Report No. A-2008-0124-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center Greenleaf Training Site, Hastings, Nebraska,” July 9, 2008

Army Audit Agency Report No. A-2008-0183-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Scranton, Pennsylvania,” July 7, 2008

Army Audit Agency Report No. A-2008-0181-ALI, “Base Realignment and Closure 2005 Construction Requirements: Restationing the Air Defense Artillery School, Fort Sill, Oklahoma,” July 2, 2008

Army Audit Agency Report No. A-2008-0171-ALI, “Base Realignment and Closure 2005 Construction Requirements: Combat Aviation Brigade Complex, Fort Bliss, Texas,” June 23, 2008

Army Audit Agency Report No. A-2008-0126-ALI, “Base Realignment and Closure 2005 Construction Requirements: 4th Brigade Combat Team Complex, Fort Bragg, North Carolina,” June 9, 2008

Army Audit Agency Report No. A-2008-0130-ALO, “Base Realignment and Closure 2005 Construction Requirements: Consolidated Health/Dental Clinic, Fort Riley, Kansas,” May 27, 2008

Army Audit Agency Report No. A-2008-0131-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, McAlester Army Ammunition Plant, Oklahoma,” May 13, 2008

Army Audit Agency Report No. A-2008-0129-ALO, “Base Realignment and Closure 2005 Construction Requirements: Airfield Pavement Repair, Fort Riley, Kansas,” May 13, 2008

Army Audit Agency Report No. A-2008-0128-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Fort Totten, New York,” May 12, 2008

Army Audit Agency Report No. A-2008-0122-ALI, “Base Realignment and Closure 2005 Construction Requirements: First Brigade Combat Team Complex, Fort Bliss, Texas,” May 5, 2008

Army Audit Agency Report No. A-2008-0112-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Middletown, Connecticut,” April 29, 2008

Army Audit Agency Report No. A-2008-0117-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Grand Prairie Reserve Complex, Texas,” April 23, 2008

Army Audit Agency Report No. A-2008-0095-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Cedar Rapids, Iowa,” March 20, 2008

Army Audit Agency Report No. A-2008-0088-ALI, “Base Realignment and Closure 2005 Construction Requirements: Dental Clinic, Fort Bliss, Texas,” March 18, 2008

Army Audit Agency Report No. A-2008-0078-ALO, “Base Realignment and Closure 2005 Construction Requirements: Infantry Brigade Combat Team Complex, Fort Knox, Kentucky,” March 3, 2008

Army Audit Agency Report No. A-2008-0066-ALI, “Base Realignment and Closure 2005 Construction Requirements: Division Headquarters, Fort Carson, Colorado,” February 13, 2008

Army Audit Agency Report No. A-2008-0064-ALI, “Base Realignment and Closure 2005 Construction Requirements: Brigade Combat Team, Fort Carson, Colorado,” February 13, 2008

Army Audit Agency Report No. A-2008-0063-ALI, “Base Realignment and Closure 2005 Construction Requirements: U.S. Army Reserve Center, Fort Hunter Liggett, California,” February 12, 2008

Army Audit Agency Report No. A-2008-0060-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Paducah, Kentucky,” February 8, 2008

Army Audit Agency Report No. A-2008-0055-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Fort Chaffee, Arkansas,” February 4, 2008

Army Audit Agency Report No. A-2008-0054-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Vancouver, Washington,” February 4, 2008

Army Audit Agency Report No. A-2008-0039-ALO, “Base Realignment and Closure 2005 Construction Requirements: Division Headquarters and Sustainment Brigade Headquarters, Fort Riley, Kansas,” January 14, 2008

Army Audit Agency Report No. A-2008-0038-ALO, “Base Realignment and Closure 2005 Construction Requirements: Army Reserve Southeast Regional Readiness Sustainment Command, Fort Jackson, South Carolina,” January 9, 2008

Army Audit Agency Report No. A-2008-0024-ALO, “Base Realignment and Closure 2005 Construction Requirements: U.S. Army Reserve Northwest Regional Readiness Sustainment Command, Fort McCoy, Wisconsin,” December 20, 2007

Army Audit Agency Report No. A-2008-0023-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Red River Army Depot, Texas,” December 5, 2007

Army Audit Agency Report No. A-2007-0242-ALO, “Base Realignment and Closure 2005 Construction Requirements: Battle Command Training Center, Fort Riley, Kansas,” September 28, 2007

Army Audit Agency Report No. A-2007-0241-ALO, “Base Realignment and Closure 2005 Construction Requirements: Child Development Center, Fort Riley, Kansas,” September 28, 2007

Army Audit Agency Report No. A-2007-0240-ALI, “Base Realignment and Closure 2005 Construction Requirements: U.S. Army Training and Doctrine Command Headquarters, Fort Eustis, Virginia,” September 28, 2007

Army Audit Agency Report No. A-2007-0235-ALI, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Fort Dix, New Jersey,” September 26, 2007

Army Audit Agency Report No. A-2007-0219-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Camp Dodge, Iowa,” September 14, 2007

Army Audit Agency Report No. A-2007-0218-ALI, “Base Realignment and Closure 2005 Construction Requirements: United States Military Academy Preparatory School: United States Military Academy, New York,” September 7, 2007

Army Audit Agency Report No. A-2007-0136-ALO, “Base Realignment and Closure 2005 Construction Requirements: Armed Forces Reserve Center, Fort Campbell, Kentucky,” May 24, 2007

Army Audit Agency Report No. A-2006-0139-ALO, “Programming, Administration, and Execution System DD Form 1391s: Assistant Chief of Staff for Installation Management,” June 21, 2006

## **Navy**

Naval Audit Service Report No. N2008-0014, “Selected Base Closure and Realignment Department of the Navy Military Construction Projects Proposed for Fiscal Year 2009,” December 19, 2007

Naval Audit Service Report No. N2008-0002, “Selected Department of the Navy Military Construction Projects Proposed for Fiscal Year 2009,” October 17, 2007

Naval Audit Service Report No. N2007-0032, “Selected Base Realignment and Closure Military Construction Projects Proposed for Fiscal Year 2008,” May 10, 2007

Naval Audit Service Report No. N2007-0006, “Selected Military Construction, Navy Projects Proposed for Fiscal Year 2008,” December 4, 2006

Naval Audit Service Report No. N2006-0030, “Proposed Fiscal Year 2006-2007 Department of the Navy Military Construction Projects Resulting from Fiscal Year 2005 Base Closure and Realignment,” June 6, 2006

## **Air Force**

Air Force Audit Agency Report No. F2006-0064-FDS000, “Construction Funds Headquarters Air Education and Training Command, Randolph AFB, TX,” September 8, 2006

Air Force Audit Agency Report No. F2006-0007-FD1000, “Pacific Air Forces Base Realignment and Closure Requirements Planning,” August 23, 2006

Air Force Audit Agency Report No. F2006-0008-FD1000, “Air Education and Training Command Base Realignment and Closure Requirements Planning,” August 23, 2006

Air Force Audit Agency Report No. F2006-0009-FD1000, “Air Combat Command Base Realignment and Closure Requirements Planning,” August 23, 2006

Air Force Audit Agency Report No. F2006-0010-FD1000, “Air National Guard Base Realignment and Closure Requirements Planning,” August 23, 2006

Air Force Audit Agency Report No. F2006-0006-FD1000, “Air Force Reserve Command Base Realignment and Closure Requirements Planning,” August 3, 2006

Air Force Audit Agency Report No. F2006-0001-FB4000, “2005 Base Realignment and Closure – Air Force Data Collection,” November 9, 2005

# Appendix C. Memorandum for Air Force BRAC Office



DEPARTMENT OF THE AIR FORCE  
AIR EDUCATION AND TRAINING COMMAND

4 SEP 2008

MEMORANDUM FOR SAF/IEI BRAC PMO (Attn: Mr. Geoff Oliver)  
1665 Air Force Pentagon, Suite 5C266  
Washington, DC 20330-1665

FROM: HQ AETC/CV  
1 F Street, Suite 1  
Randolph AFB TX 78150-4324

SUBJECT: Unaccompanied Officer Quarters (UOQ) Requirements

1. During a recent audit by OIG DoD on BRAC projects at NAS Pensacola, a question arose regarding Air Education and Training Command's requirement for unaccompanied officer trainees in a Permanent Change of Station status to use UOQs.
2. While most training missions permit off base billeting/housing, it is AETC's position that AETC must have UOQs available at Undergraduate Flying Training locations (specifically for Introduction to Fighter Fundamentals / Specialized Undergraduate Pilot Training and Combat Systems Officer courses) and remote technical training or highly technical training locations. Examples are the Intelligence training at Goodfellow AFB and Space training at Vandenberg AFB. This is needed to maintain flight safety, guarantee crew rest, provide for a structured training regimen, assure good order and discipline, and maintain personnel safety and security.
3. AETC's experience over numerous years of training these officers shows that the ability of the training program to maintain structured curriculum and a safe, study-conducive environment after duty hours directly impacts the quality and consistency of the student product. This structure not only provides stability but also provides better opportunity for students to accomplish pre/post duty day requirements and access to study areas and materials in this fast-paced training environment. Approximately 90 percent of these students are new to the Air Force when they get to their training location and they have not mastered the Airman's "way of life." We view the loss of equivalent UOQ capability at Pensacola due to a failure of BRAC to fund the proposed project as detrimental to training safety and efficiency. We maintain it is in the best interest of the Air Force to retain this project as we require, to the maximum extent possible, that specified unaccompanied officer students use UOQ accommodations.
4. If you have further questions on this matter, my staff stands ready to provide any information you need. Our POC is Mr. Heath Drader, HQ AETC/A5/8/9 BRAC Program Management Office, DSN 487-3394, [heath.drader@randolph.af.mil](mailto:heath.drader@randolph.af.mil).

*Anthony F. Piszczalski*  
ANTHONY F. PISZCZALSKI  
Major General, USAF  
Vice Commander



# Department of the Navy Comments



## DEPARTMENT OF THE NAVY

OFFICE OF THE ASSISTANT SECRETARY  
(INSTALLATIONS AND ENVIRONMENT)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

NOV 13 2008

### MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Response to Department of Defense Office of Inspector General (DoD IG) Draft Report on Base Realignment and Closure (BRAC) 2005 Pensacola Undergraduate Navigator Training Relocation

Reference:

- (a) DoD IG Project No. D2007-D000CG-0047.002, Draft Report, Base Realignment and Closure 2005 for the Pensacola Undergraduate Navigator Training Relocation, 7 October 2008
- (b) Office of the Secretary of Defense memorandum on joint fixed-wing training dated 15 April 1993
- (c) Office of the Secretary of the Air Force and Office of the Secretary of the Navy joint memorandum, "Joint Fixed-Wing Training (Secretary of Defense Memorandum, 15 April 1993) - Action Memorandum," dated 9 July 1993

Thank you for the opportunity to comment on the subject DoD IG Draft Report. Although we have no comments on the report's recommendations (which are not addressed to the Department of the Navy), we offer the following response to the report's position regarding the potential loss of jointness in the Undergraduate Navigator Training program at Naval Air Station Pensacola.

The Navy, through Chief of Naval Air Training (CNATRA), continues to seek to implement joint training opportunities in every venue and does not agree with the assumption that the Navy and Air Force are unable to resolve apparent inter-service conflicts over training platforms and philosophies. The true differences in training platforms are minimal and easily bridged and the Navy and Air Force concur on the ease with which to align the syllabi in order to establish a joint program, especially with regard to primary training. These facts point to success, with some effort, in meeting the guidance given in Reference (b) and the joint memorandum implementing that guidance in Reference (c).

My point of contact for this action is Captain Dave Hellman of our BRAC Program Management Office at (703) 602-6932.

A handwritten signature in blue ink, appearing to read "BJ Penn".

cc:  
Naval Inspector General

# Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

NOV 19 2008

MEMORANDUM FOR SAF/PM  
ATTN: SAF/FMPP

FROM: SAF/IEI

SUBJECT: Base Realignment and Closure 2005 for the Pensacola Undergraduate Navigator Training Relocation (Project No. D2007-D000CG-0047.002), (DoD/IG PD (ACM) Memo, 7 Oct 08)

Attached are Air Force management comments to subject report. There is no classified material in these comments. We consider none of them exempt from public release.

I am setting up a meeting to directly discuss the Air Force position on these findings with senior DoD/IG officials to prevent adverse impact to our BRAC 05 execution requirements.

Air Force point of contact is Mr. Doug McCoy, Deputy Director, Air Force BRAC Program Management Office, SAF/IEI BRAC PMO, (703) 693-0526.

*Kathleen I. Ferguson*  
KATHLEEN I. FERGUSON, P.E.  
Deputy Assistant Secretary of the Air Force  
(Installations)

Attachment:  
Air Force Management Comments to Subject Report

**DoD/IG Recommendation:**

**A.1.** We recommend that the Deputy Assistant Secretary of the Air Force for Installations cancel Air Force project number TYMX073730, “BRAC – Combat Systems Officer (CSO) Bachelor Housing.”

Deleted

**Air Force Comment:**

**Disagree.** The Air Force prefers not to cancel Air Force project number TYMX073730, “BRAC – Combat Systems Officer (CSO) Bachelor Housing.” The Air Education and Training Command (AETC) commander’s operational judgment is that this project supports the morale, readiness, discipline, and safety of troops under his command, and the commander’s prerogative to exercise authorities available to him.

**DoD/IG Finding:**

**A. Bachelor Housing Project**

The Air Force submitted an invalid BRAC requirement for the Bachelor Housing project TYMX073730 for BRAC Recommendation 128 Undergraduate Navigator Training. In addition, the Air Force did not support the project by:

- adequately justifying the need for the project,
- performing an economic analysis comparing all feasible alternatives or obtaining an economic analysis waiver,
- justifying the line item cost estimates with supporting documentation, or properly reviewing and validating the DD Form 1391.

As a result, the Air Force is proposing to spend \$39.6 million of limited BRAC MILCON funds on a project that should be cancelled.

Revised, Page 7

**Air Force Comment:**

**Disagree.** The Air Force maintains this project is valid. It strengthens the AETC commander’s commitment to the welfare, discipline, and training of the men and women under his command, and is consistent with BRAC and fiscal authorities. The Air Force also maintains it properly supported this project though it agrees certain areas warrant improvement.

- The Air Force maintains it adequately justified the need for this project. The AETC commander’s position is: “...unmarried student officers attending undergraduate pilot training (to include transition students), undergraduate navigator training, and technical training as their first duty assignment must reside in on-base unaccompanied officer quarters (UOQ) to the maximum extent quarters are available.<sup>1</sup>” The proposed project is also in accordance with BRAC law. Public Law 101-510, Defense Base Closure and

<sup>1</sup> AETC Instruction 32-6004, dated 13 May 1999, paragraph 1.

Realignment Act of 1990, as amended, Section 2905, authorizes the Secretary [of Defense] to take such actions as may be necessary to close or realign any military installation, including the construction of such replacement facilities<sup>2</sup>.

- The Air Force evaluated all feasible alternatives to this project. The Air Force acknowledges, however, that it did not conduct a formal economic analysis or request a waiver to the requirement. In considering alternatives, the Air Force followed a disciplined and thorough multi-layered review process prosecuted by AETC, the Air Force BRAC Program Management Office (PMO), and the Office of the Civil Engineer. Through a site survey in 2005, and subsequent Site Activation Task Force (SATAF) on-site reviews, AETC determined NAS Pensacola was unable to support Air Force CSO UOQ requirements. The projected Air Force CSO Active Duty Student Load exceeds 300, which is above the BRAC-allowable threshold of the 202 rooms currently available at Randolph AFB. BRAC cannot rectify existing deficiencies<sup>3</sup>; therefore, the scope of this project is limited to 202 UOQ rooms. This report correctly acknowledges the Navy originally offered to the Air Force three NAS Pensacola buildings as an alternative to new construction. This report, however, does not acknowledge the Navy subsequently withdrew this offer, and offered a condemned facility in their place as the only renovation alternative to new construction. The Air Force determined renovation of the condemned facility exceeded 70 percent of the replacement cost; therefore, a replacement facility should be programmed through MILCON process<sup>4</sup>. The Air Force did not consider off-base housing as an alternative to on-base quarters because of the AETC commander's position that unmarried student officers in their first duty assignment must reside in on-base unaccompanied officer quarters to the maximum extent possible.
- The Air Force acknowledges an Economic Analysis did not occur, nor did the Office of the Secretary of Defense (Comptroller) (OSD(C)) waive the requirement. Because this is an Air Force project on a Navy installation, jurisdictional issues arose over which organization should conduct an Economic Analysis. The issue was not resolved. Subsequently, the Air Force initiated a Request for Waiver in July 2008. The Air Force has formally advised MAJCOMs to be more diligent in satisfying this requirement<sup>5</sup>. As an additional measure, the Air Force will convey details of this requirement to major commands through formal supplementary guidance, and provide in-person counsel during the next semi-annual major command program management reviews scheduled for 17-21 Nov 08.

ETC: 21 Nov 08.

<sup>2</sup> P.L. 101-510, Section 2905(a)(1)(A)

<sup>3</sup> DoD Financial Management Regulation, Aug 2002, Volume 12, Chapter 13, page 7

<sup>4</sup> AFI 32-1021, Planning and Programming MILCON Projects, 24 Jan 2003, Chap 4.2.1

<sup>5</sup> SAF/IEI BRAC PMO Director e-mail, Economic Analysis Documentation, 8 Aug 08, 11:28 am

- The Air Force maintains it adequately justified line item cost estimates in the DD Form 1391. The Air Force prepared the cost estimate as prescribed in the DoD Facilities Pricing Guide.<sup>6</sup> To establish the \$39.6M programmed amount (PA), the Air Force used Square Foot Estimating, supplemented with actual historical costs associated with on-going construction at NAS Pensacola. To estimate the cost per square foot, the Air Force applied recent Navy Bachelor Quarters construction data to a scale similar to the Air Force UOQ, and used square foot cost estimates and adjustment factors in the DoD Facilities Pricing Guide<sup>7</sup>. The estimating method prescribed in the DoD Facilities Pricing Guide generally is accurate to -15% to +25%. The average unit cost in the DoD Pricing Guide does not take into account local market stresses, such as natural disasters or local labor conditions.
- The Air Force maintains it properly reviewed and validated the DD Form 1391. The validation process for this BRAC MILCON project included MAJCOM and PMO reviews and substantiation through SATAF visits and site surveys. The site survey and SATAFs reviewed construction alternatives and options for accomplishing the CSO mission realignment and determined that new construction is the only viable alternative to house Air Force students at NAS Pensacola. Four separate levels of review (base programmers, MAJCOM, Air Staff, and PMO) were accomplished for each BRAC project, including the Bachelor Housing project. Each level of review is electronically captured in the Automated Civil Engineer System – Project Management (ACES-PM), the Air Force's integrated Civil Engineering data management system.

**DoD/IG Recommendation:**

**A.2.** We recommend that the Air Force Base Realignment and Closure Program Management Office Director for future Base Realignment and Closure military construction projects:

- a. Ensure that each proposed project is a valid Base Realignment and Closure requirement.
- b. Follow DoD and Air Force requirements by conducting an economic analysis when a project is first considered, justifying the user needs and unit costs in the DD Form 1391 with supporting documentation, and properly reviewing and validating the DD Form 1391.

Renumbered as  
A.1. and A.2.,  
Page 17

**Air Force Comment:**

**Agree.** The Air Force will properly validate each proposed BRAC project. Also, the Air Force will conduct an economic analysis when a project is first considered, justify user need and unit costs in the DD Form 1391 with supporting documentation, and properly review and validate the DD Form 1391. The Air Force will reinforce these requirements in formal guidance to MAJCOM BRAC offices.

<sup>6</sup> Unified Facilities Criteria 3-701-07, DoD Facilities Pricing Guide, 2 Jul 2007, paragraph 2-2

<sup>7</sup> ibid

ETC: 21 Nov 08.

**DoD/IG Recommendation:**

**B.** We recommend that the Air Force Base Realignment and Closure Program Management Office Director for future Base Realignment and Closure military construction projects follow the DoD Financial Management Regulation and Air Force Instructions by conducting an economic analysis when a project is first considered, justifying the user needs and unit costs in the DD Form 1391 with adequate supporting documentation, and properly reviewing and validating the DD Form 1391.

**Air Force Comment:**

**Agree.** For future BRAC military construction projects, the Air Force will follow the DoD Financial Management Regulation and Air Force Instructions, conduct economic analyses when projects are first considered, justify user needs and unit costs in the DD Form 1391 with adequate supporting documentation, and properly review and validate DD Forms 1391. The Air Force will reinforce these requirements in formal guidance to MAJCOM BRAC offices.

ETC: 21 Nov 08

**DoD/IG Finding:**

**B. Hangar and Instruction Facility Projects**

The Air Force did not provide adequate support for the BRAC MILCON project data in Hangar project TYMX073710 and Instruction Facility project TYMX073720 DD Forms 1391 for BRAC Recommendation 128 Undergraduate Navigator Training. The support was inadequate because the Air Force did not:

- perform an economic analysis or obtain a waiver,
- adequately justify the line item cost estimates, or
- properly review and validate the DD Forms 1391.

As a result, the Air Force cannot assure these facilities are the most cost-effective alternatives for these two projects. Nevertheless, the Air Force awarded a contract for the hangar and instruction facility projects on March 4, 2008, for an estimated cost of \$45.8 million for new construction that did not reduce excess capacity, eliminate redundancy, or enhance jointness.

**Air Force Comment:**

The circumstances for this item are exactly the same as detailed in the UOQ response above.

**Air Force Comment:**

The report incorrectly uses the term “deactivate” when referring to Air Force organizations that will cease operations. The correct term is “inactivate.”<sup>8</sup>

Recommendation: The DoD/IG corrects its terminology.

**Air Force Comment:**

This report identifies multiple internal control weaknesses that are central to its findings and recommendations. However, the report says: “We do not consider these internal control weaknesses to be material.”<sup>9</sup> The Air Force maintains this statement does not support the conclusions of the paragraph within which it resides.

Recommendation: The DoD/IG adjust this statement to more accurately reflect the nature of the paragraph within which it resides.

Referenced, Page 4

Revised, Page 1

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<sup>8</sup> A Guide to United States Air Force Lineage and Honors, Glossary; [http://www.maxwell.af.mil/au/afhra/rso/guide\\_usaf\\_lineage\\_honors.html](http://www.maxwell.af.mil/au/afhra/rso/guide_usaf_lineage_honors.html).

<sup>9</sup> Page 30, Review of Internal Controls.







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